

УДК 4U 74.584(2)7

MORTGAGING IN RUSSIA AND EUROPE**Morgach E.V.***Сибирский федеральный университет*

For the first time ever the term «mortgage loans» appeared in Greece in the early 5th century. Translated from greek the term «mortgage loans» means a loan whereby a mortgaged property (land and other realty) stays in gage of a creditor, while the human being, that obtained credit, will fulfill the monetary obligation.

At the moment a mortgaging is the main solution of housing problems in Europe and America, when almost 90% of flats and houses are bought on credit.

In the first place a mortgage loan is a good thing as it offers the possibility to became the owner of a house in the short-term, you can settle in, register all your family members, and you should to pay for a house during several following years, you don't afraid the increase of real property's prices. It is more comfortable, than you would save your money for a house, while inflation and other risks put your money in danger, or you would rent a flat as a rate of monthly loan payments is equal to a monthly rent of a similar flat.

Real property purchase with the help of a mortgage loan is the most progressive and reliable way to solve houses problems at this moment. You should choose more optimal mortgage program taking into account of credit currency, rage and period special for you.

Now I would like to compare the level of mortgage loan in Russia and some countries of Europe and North America.

Italy

The rates of interest are from 4,2 to 5,5. Sum of loan is as small as 65% of realty's ratable value. Period of loan is from 5 to 15 years¹.

Bed-sitting-room with nice repair and selection of necessary furniture will cost from 400000 euro in the center of Rim or Milan.

Thereat monthly payments of mortgage loan are equal from 1775 to 1898 euro.

You can buy two-bedrooms flat near the central square Duomo with 250000-300000 euro and monthly payments are equal from 1331 to 1423 euro.

The prices in Rim can change depending on closeness by showplaces. Prices of two-bedrooms flats (square is from 55 to 60 square metres) are equal from 700000 to 800000 euro. Beyond a historic center of the city you can buy a similar flat with 300000 euro.

In Lazio (Lazio is the central region of Italy, located around Rim) a similar flat will cost a half as much, about 150000 euro and monthly payments are equal from 667 to 712 euro.

In off Abrucco and Calabria you can buy a similar flat with 100000 euro and monthly payments are equal from 444 to 474 euro.

Britain

The rates of interest are from 2,5% to 5%. Sum of loan is as small as 70% of realty's ratable value. Period of loan is from 3 to 20 years².

¹ http://www.gazeta.ru/realty/2012/09/17_a_4775517.shtml

² http://www.bsn.ru/news/foreign_estate/spb/32873/

The most popular regions of London are central regions of Meife, Belgraviy, Naistbridg, Merylabon, Westminder, Kensington and Chelcy. Average cost of flat with one bedroom, nice repair and furniture is equal from 450000 to 650000 pounds (the square is from 35 to 60 square meters). Thereat monthly payments are equal from 1737/2509 to 2131/3054 pounds.

Flats with two bedrooms (the square is from 70 square meters) in the same regions will cost from 750000 to 1500000 pounds and monthly payments are equal from 2896/5792 to 3559/7117 pounds

Cyprus

The rates of interest are from 5,3% to 7,3%. Period of loan is from 5 to 40 years³.

Average cost of flat with one bedroom on resorts for example Pafos and Limassol is equal to 150000 euro, and cost of flats with two bedrooms is 200000 euro.

Monthly payments of flat with one bedroom are equal from 717 to 949 euro, ones of flats with two bedrooms are from 949 to 1019.

Spain

The rates of interest are from 4% to 5,5%. Period of loan is from 5 to 40 years. The lower limit of loan is from 80000 euro⁴.

In Barcelona, in area of good address you can buy two-bedrooms flat with good repair with 200000 euro. Thereat monthly payments are equal from 888 to 949 euro.

If we consider Spanish seacoast, in Torrievieha's region you can buy two-bedrooms flat with from 80000 euro and monthly payments are equal from 355 to 380 euro. In the north Coste-Blanca coast one will cost from 140000 (monthly payments are equal from 621 to 664 euro), in Costa del Sol, Costa Brava and Costa Dorada one will cost from 150000 (monthly payments are equal from 666 to 711 euro)

Russia

For a comparison let's produce the information of Russian market. Average rate of mortgage loan in the first half of the 2011 year in Moscow was 12,1% in rubles. In Sberbank (it is a leader of mortgage loan grantings) you can get mortgage loan with maximum long-term 30 years period and minimal first cost is 15%.

Rages of interests for client without facilities are equal from 13,5% to 14,5%. For example if you get period of loan 15 years and you pay 40% of reality you will get the rate of interest 14%.

The minimum cost of moskow's flat is equal from 4 to 5 million rubles. If you have this money you can buy a small flat with one bedroom in one of bedroom communities far from the center and monthly payments are equal from 31 961 to 39 952 rubles.

If you have 8 million rubles you can buy a small flat with one bedroom (the square is 30 squares meters) near the Garden Ring Road and monthly payments are equal is 63 924 rubles.

Summarizing all above-mentioned information we can see that the rates of interests of some European countries lower than Russians ones.

So lets understand why the Russian Federation and other post-Socialist countries have high rates of interests. It is a reminder that USA's rates of interests are from 4,5% to 6%⁵, Canada's ones are from 3,6% to 6,2%, French's ones are from 3,75% to 4%, Spain's

³ http://www.bsn.ru/news/foreign_estate/spb/32873/

⁴ http://www.bsn.ru/news/foreign_estate/spb/32873/

⁵ http://www.bsn.ru/news/foreign_estate/spb/32873/

Italy's Germany's ones are proximally from 4% to 5%, Greece's ones are proximally 6,25% Portugal's ones are proximally from 2,75% and Cyprus's ones are 4,25%.

For example Britain's rates of interests range from 1,89% to 7,69%. Now average rate of interest is about 4%-5%. So low index was achieved by falling of official bank rate of the National Bank of England. Now it is lower than 1%. By the way the official bank rate of the Central Bank of the Russian Federation is 8,25% per annum⁶. And rates of interest in foreign currency are proximally 12% per annum and ones in national currency are proximally 14% per annum.

Why foreign rates of interest are so low? The main cause is that foreign banks, realizing a mortgage policy, have opportunity to provide independently by finances them own activity over a lot of following years mortgage market has no similar opportunities.

Lets sum up the results. We can see that a first cost, credit conditions, periods of mortgaging, special charges, a currency of a credit have an effect on interest rates. So interest rates are individual for every loaner and it is depend on the special charges of banks and a financial position of a client.

⁶ http://rosinvest.com/acolumn/blog/zhizn_v_zajmy/264.html